



Financial Statements
Year Ended September 30, 2017

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

Financial Statements

Year Ended September 30, 2017

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PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tampa Bay Black Business Investment Corporation, Inc.
Tampa, Florida

We have audited the accompanying financial statements of Tampa Bay Black Business Investment Corporation, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tampa Bay Black Business Investment Corporation, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompany schedules of expenditures of state of Florida awards and Chapter 10.650, *Rules of the Auditor General of the State of Florida* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our reports dated June 18, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulation, contracts and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing internal control over financial reporting and compliance and the results of that testing, and no to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Tampa, Florida
June 18, 2018

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

Statement of Financial Position

September 30, 2017

ASSETS

Cash	\$ 2,575,912
Government contract receivable	912,250
Accounts and grants receivable	37,792
Due from related party	16,523
Investments, at fair value	455,902
Loans receivable, net of allowance of \$67,000	560,452
Total assets	<u><u>\$ 4,558,831</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 78,215
Total liabilities	<u>78,215</u>
Net assets	
Unrestricted	904,199
Temporarily restricted	<u>3,576,417</u>
Total net assets	<u>4,480,616</u>
Total liabilities and net assets	<u><u>\$ 4,558,831</u></u>

Read accompanying notes to the financial statements.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.
Statement of Activities and Changes in Net Assets
Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and other gains			
Government funding	\$ -	\$ 1,162,468	\$ 1,162,468
Contributions	26,807	-	26,807
In kind contributions	140,019	-	140,019
Total support	<u>166,826</u>	<u>1,162,468</u>	<u>1,329,294</u>
Program fees	26,570	-	26,570
Investment income (loss)	44,361	-	44,361
Interest	520	48,754	49,274
Net transfers from temporarily restricted net assets	596,437	(596,437)	-
Total support and other gains	<u>834,714</u>	<u>614,785</u>	<u>1,449,499</u>
Expenses			
Program expenses			
Salaries, payroll taxes and benefits	209,566	-	209,566
Professional and legal expenses	203,233	-	203,233
Rent expense	45,816	-	45,816
Total program expenses	<u>458,615</u>	<u>-</u>	<u>458,615</u>
General and administrative expenses			
Salaries, payroll taxes and benefits	11,030	-	11,030
Professional and legal expenses	45,939	-	45,939
Other general and administrative expenses	13,105	-	13,105
Total expenses	<u>528,689</u>	<u>-</u>	<u>528,689</u>
Changes in net assets	306,025	614,785	920,810
Net assets, beginning of year	<u>598,174</u>	<u>2,961,632</u>	<u>3,559,806</u>
Net assets, ending of year	<u>\$ 904,199</u>	<u>\$ 3,576,417</u>	<u>\$ 4,480,616</u>

Read accompanying notes to the financial statements.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

Statement of Cash Flows

Year Ended September 30, 2017

Cash from operating activities	
Change in net assets	\$ 920,810
Adjustments to reconcile change in net assets to net cash provided by operations	
Unrealized loss (gain) on investments	(40,088)
Loss (gain) from sale of investments	12,479
Changes in operating assets and liabilities	
Contract receivable	25,032
Grants and accounts receivable	98,040
Due from affiliated non-profit entity	(16,523)
Due to affiliated non-profit entity	(62,477)
Accounts payable and accrued expenses	15,638
Net cash provided by operating activities	<u>952,911</u>
 Cash from investing activities	
Proceeds from redemptions of certificates of deposit	121,182
Proceeds from sale of investments	4,215
Purchases of investments	(16,695)
Loans made to businesses	(701,309)
Proceeds from collection of loans	626,912
Net cash provided by investing activities	<u>34,305</u>
 Change in cash	987,216
Cash, beginning of year	<u>1,588,696</u>
Cash, end of year	<u><u>\$ 2,575,912</u></u>

Read accompanying notes to the financial statements.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

**Notes to Financial Statements
Year Ended September 30, 2017**

Note 1 – Background Information and Nature of Activities

The Tampa Bay Black Business Investment Corporation, Inc. (the “Organization”) is a non-profit corporation incorporated on August 4, 1987. The purpose of the Organization is the advancement of the economic well-being of Hillsborough and Pinellas Counties through the financing and identification of business opportunities for businesses owned and operated by African-Americans who are residents of Hillsborough and Pinellas County, Florida. The Organization provides loans to new and developing African-American business enterprises.

Note 2 – Concentration of Support

During the year ended September 30, 2017, the Organization was approved for the 2017/2018 funding contract with the Department of Economic Opportunity (“DEO”) Black Business Loan Program for \$1,112,500. The contract was ratified subsequent to year end. In accordance with the terms of this contract, the accompanying financial statements reflects a receivable and an increase in net assets of \$912,250 as of September 30, 2017.

The above government support comprises 90% of the total support of the Organization for the year ended September 30, 2017.

Note 3 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation – The Organization is related through common control to Tampa Bay Black Business Initiative Fund, whose nature of operations is also to provide support to businesses. Generally accepted accounting principles require that combined financial statements of commonly controlled entities be presented when they are more meaningful to the reader. Management has prepared the financial statements of Tampa Bay Black Business Investment Corporation, Inc., on a stand-alone basis due to the reporting requirements of the Department of Economic Opportunity. As a result of the common control, management has the ability to influence the Organization’s operations for the benefit of the both of these aforementioned organizations.

Generally accepted accounting principles establish the standards for external financial reporting for non-profit organizations, which include a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows. It requires the classification of resources into three classes of net assets based on the absence or existence of donor-imposed restrictions. The three classes are defined as follows:

- Unrestricted net assets – not subject to donor-imposed restrictions, or the donor-imposed restrictions have expired.
- Temporarily restricted net assets – subject to donor-imposed stipulations that may be fulfilled by actions of the organization to meet the stipulations or become unrestricted at the date specified by the donor.
- Permanently restricted net assets – subject to donor-imposed stipulations that they be retained and invested permanently by the organization. The donors require the organization to use all or part of the investment return on these net assets for specified or unspecified purposes.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

**Notes to Financial Statements
Year Ended September 30, 2017**

Note 3 – Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Accounting for Funds Received under the Florida Black Business Loan Program – The Department of Economic Opportunity (the “Department”) clarified that all financial assistance provided to the Organization under this program be classified as temporarily restricted funds. The Department further clarified that all funds loaned out and repaid to the Organization, including interest, are also to be considered temporarily restricted. Therefore, the Organization records program funds received and held as temporarily restricted net assets. The Organization reduces these temporarily restricted net assets as these program funds are loaned out to qualified companies and likewise increases the restricted net assets for repayments of the loans as well as all income collected on the loans and the program funds. The Organization also transfers, from restricted to unrestricted net assets, management fees and technical assistance fees to the extent allowed by the Department.

Although management of the Organization follows the above policy, they are in disagreement with the Department on the interpretation of the state statute governing the Black Business Loan Program, which allows for interest, fees and a reasonable profit from loans made. According to the Department’s interpretation, fees and interest are to be considered as increases in temporarily restricted net assets. The Organization continues to work with the Department to further clarify the Department’s position on this policy.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Reserved Funds – Program funds received from the funding contracts issued by the State of Florida, Department of Economic Opportunity pursuant to the Black Business Loan Program, are to be kept in separate bank accounts until loaned out to qualified recipients. In addition, loan repayments and any income earned by these funds are also to be included in these separate account.

Concentration of Credit Risk – The Organization maintains cash balances at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any loss in such accounts. As of September 30, 2017, the uninsured balances are approximately \$1,621,000.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

**Notes to Financial Statements
Year Ended September 30, 2017**

Note 3 – Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Loans Receivable – Loans receivable are carried at unpaid principal balances, less an allowance for loan losses and net deferred loan fees and unearned discounts. The Organization makes term loans and working capital lines of credit to qualifying businesses for operational purposes. The Organization monitors the credit quality of its loan receivables by assessing the collection experience of the loans; the credit worthiness of new loans; and the sufficiency of collateral related to the loans. All loans are secured by second mortgages or equipment. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management believes that a 11% reserve for bad debts on loans outstanding as of September 30, 2017, is adequate to cover any uncollectible amounts. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience; specific impaired loans; adverse situations that may affect the borrower's ability to repay; estimated value of any underlying collateral; and current economic conditions. Past due status is determined based on contractual terms on an individual loan basis. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. All impaired loans are placed on non-accrual status. The Organization's practice is to charge-off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms; the borrower's deteriorating or deteriorated financial condition; the depreciation of the underlying collateral; or for other reasons.

The Organization offers lines of credit, 60 day loans, and term loans. Interest is charged on the lines of credit and the term loans. Sixty day loans are non-interest bearing provided that the loans are repaid when due. Delinquent loans are placed on accrual status retroactively to the date the loans were made.

Interest on loans is recognized over the term of the loans and is calculated using the simple interest method on the principal amounts outstanding. Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

The Organization makes loans to qualified businesses in Hillsborough or Pinellas Counties of Florida. The industry category of loans outstanding as of September 30, 2017, relates primarily to the professional services industry. The composition of loans outstanding by business classification, are as follows:

Professional services	26%
Remediation Services	14%
Construction	21%
Restaurants	9%
Broadcasting	7%
Insurance or Brokerages	5%
Technology	6%
Medical	3%
Miscellaneous	9%

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

**Notes to Financial Statements
Year Ended September 30, 2017**

Note 3 – Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Equipment – Equipment is recorded at cost. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which is typically five years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Additions and betterments of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. At September 30, 2017, the Organization had approximately \$13,000 of office equipment that has been fully depreciated over its estimated useful life of five years.

Donated Services and noncash contributions – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be paid by the Organization. Donated services are recorded at their fair value and approximated at \$132,000 for the year ended September 30, 2017. The landlord of the building, which houses the Organization’s office, does not charge the Organization rent. This is valued at approximately \$8,300.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code except for net income derived from unrelated business activities. Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and records a liability for, or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization’s status as a non-profit entity. Management believes the Organization met the requirement to maintain its tax exempt status and has no income subject to unrelated business income tax; therefore, no provision has been provided in the accompanying financial statements. The Organization’s income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

Investments – The Organization carries investments in marketable securities with readily determinable fair values, at their fair values, based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities and changes in net assets.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

**Notes to Financial Statements
Year Ended September 30, 2017**

Note 4 – Age and Interest Accrual Status of Loans Receivable

The following tables present informative data by class of financing receivables regarding their age. The Organization did not have any loans on nonaccrual status as of September 30, 2017:

	Current	Past Due			Total Financing Receivables
		0 - 29 days	30 - 59 days	> 90 days	
60 - day loans	\$ 104,687	\$ -	\$ -	\$ -	\$ 104,687
Lines of credit	324,529	-	-	-	324,529
Term loans	198,531	97	-	-	198,628
	<u>\$ 627,747</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ -</u>	627,844
Less reserve for loan losses					(67,392)
Loans receivable, net					<u>\$ 560,452</u>

Changes in the reserves for loan losses are as follows:

Balance, beginning of year	\$ 67,742
Loan write-off amount	(350)
Balance, end of year	<u>\$ 67,392</u>

Note 5 – Investments

The Organization's investments consist of mutual funds carried at fair value based on quoted prices in active markets (all Level 1 measurements).

The summarized return on the Organization's investments during the years ended September 30, 2017, is summarized below:

Dividends and interest	\$ 16,747
Realized losses	(12,476)
Unrealized gains	40,090
Total investment return	<u>\$ 44,361</u>

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

**Notes to Financial Statements
Year Ended September 30, 2017**

Note 6 – Related Party Transactions

The Tampa Bay Black Business Initiative Fund, Inc. (“Initiative Fund”) is a 501(c)(3) entity created to further promote the Tampa Bay Black Business community. This entity is related through common control.

The Organization and the Initiative Fund entered into an agreement to partner and collaborate in providing technical assistance to small business owners who are seeking guidance, instruction, support, and funding to start, grow and expand their business enterprise. This collaboration includes administering the Organization’s CATCH program, providing facility, personnel and pursuing funding opportunities. The Initiative Fund charged the Organization rent for occupying office space in the Initiative Fund’s St. Petersburg office totaling \$36,000. The Initiative Fund also donated services and costs of administering the CATCH Program totaling approximately \$128,000, which has been recorded as in-kind contributions in the accompanying statement of activities. The Organization owed approximately \$63,000 at September 30, 2016, paid approximately \$115,000 to its related affiliate during fiscal year 2017 and reflects a receivable of \$16,000 as of September 30, 2017. Interest is not charged on any outstanding balances and there are no formal repayment terms.

The terms and amounts of the above transactions are not necessarily indicative of the terms and amounts that would have been incurred had these transactions been entered into with unrelated parties.

Note 7 – Restrictions of Net Assets

Temporarily restricted net assets consist of the following as of September 30, 2017:

	<u>2017</u>
State of Florida Department of Economic Opportunity	\$ 3,540,524
Foundation for a Healthy St. Petersburg	35,893
Total	<u>\$ 3,576,417</u>

Note 8 – Line of Credit Commitments

During 2017, the Organization issued lines of credit in which a portion or all of the funds have been drawn. The amount of undrawn funds as of September 30, 2017, equals approximately \$110,000.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.

**Notes to Financial Statements
Year Ended September 30, 2017**

Note 9 – Other Commitments and Contingencies

The Organization, upon its inception, issued membership certificates in the form of non-transferable shares to the original contributing members. Each member received one share for every \$100 contributed. In accordance with the Organization's by-laws, each member has one vote for the election of the Board of Directors and on any other transactions of business that are brought to the annual meeting of members for a vote. No dividends or earnings are to be paid to the members; however, upon dissolution, after paying all liabilities and disposing all accumulated earnings of the Organization in the manner prescribed to by the by-laws, any remaining capital that is not the result of any accumulated net earnings of the Organization shall be distributed on a pro-rata basis to the members based on the number of shares held by the member compared to the total number of shares issued.

Note 10 – Subsequent Events

The Organization has evaluated subsequent events through June 18, 2018, the date which the financial statements were available to be issued. No events have occurred subsequent to the date of the financial position and through June 18, 2018, that would require adjustment to, or disclosure in, the financial statements.

SUPPLEMENTAL INFORMATION

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.
Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2017

Grantor/Program Title	Federal CSFA Number	State Expenditures
Department of Economic Opportunity, Division of Strategic Business		
Economic Development Loan Programs	40.041	<u>\$ 1,495,384</u>

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.
Notes to Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2017

Note 1 – Basis of Presentation

The accompanying schedule of state financial assistance includes state grant activity of Tampa Bay Black Business Investment Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Florida Single Audit Act. Since the schedule presents only a selected portion of the operations of Tampa Bay Black Business Investment Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of Tampa Bay Black Business Investment Corporation.

The Florida Black Business Loan Program is a grant program that provides loans or loan guarantees to qualified black owned small businesses/enterprises that cannot obtain capital through conventional lending institutions, but could otherwise compete successfully in the private sector, and foster economic development and job creation by use of Federal, State, and private community based programs and in coordination with strategic alliances. During the fiscal year ended September 30, 2017, the State provided the Organization a grant totaling \$1,112,500. Expenditures reflected on the prior page, represent the value of new loans made by the Organization with the proceeds of the grant, prior outstanding loans with reporting requirements, and technical and administrative fees paid with the proceeds of the grant.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.
Schedule of Findings and Questioned Costs for State Financial Assistance
Year Ended September 30, 2017

Part I - Summary of Audit Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of Tampa Bay Black Business Investment Corporation, which were prepared in accordance with generally accepted accounting principles.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Tampa Bay Black Business Investment Corporation were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major state financial assistance programs.
5. The auditors' report on compliance for the major state financial assistance programs for Tampa Bay Black Business Investment Corporation expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with state statutes are reported in this schedule.
7. The program tested as major programs was the State Economic Development Loan Program CSFA 40.041.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Tampa Bay Black Business Investment Corporation did not qualify to be a low risk auditee.

Part II – Financial Statement Findings

No matters were reported for the year ended September 30, 2017.

Part III – State Financial Assistance Findings and Questioned Costs

Finding 2017 – 1

State Financial Assistance Information – CSFA 40.041 State Economic Development Loan Program

Criteria – Section 6(a) of the DEO Funding Agreement #D0099, required the Organization to provide certified documentation that they control a separate interest bearing account with a qualified public depository for the deposit and maintenance of Program Funds appropriated for each fiscal year.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.
Schedule of Findings and Questioned Costs for State Financial Assistance
Year Ended September 30, 2017

Finding 2017 – 1 (Continued)

Condition –The Organization does not control a separate interest bearing account with a qualified public depository for the deposit and maintenance of Program Funds for each fiscal year.

Context – The Organization has asserted which bank accounts contain Unobligated Program Funds, but the number of bank accounts is not equal to the number of appropriations the Organization has been awarded.

Recommendation – The Organization should open the required bank accounts and allocate the funds appropriately for each fiscal year’s appropriation.

Views of Responsible Officials and Planned Corrective Actions – This requirement began in fiscal year 2015 and the Organization has complied for every year and will continue to do so. We will also request an exclusion for all years prior to 2015.

Finding 2017 – 2

State Financial Assistance Information – CSFA 40.041 State Economic Development Loan Program

Criteria – Section 6(c) of the DEO Funding Agreement #D0099, requires that each bank account which holds Unobligated Program Funds have a unique identifier for each fiscal year.

Condition – Bank accounts which hold Unobligated Program Funds do not have a unique identifier for the account of each fiscal year.

Context – The Organization maintains bank accounts that they utilize to account for the appropriated DEO funds, however the accounts have general names rather than specific names to identify each year’s award.

Recommendation: The Organization should open the required amount of bank accounts, as previously mentioned, and name each account to appropriately identify DEO Program Funds by fiscal year.

Views of Responsible Officials and Planned Corrective Actions – This requirement began in fiscal year 2015 and the Organization has complied for every year and will continue to do so. We will also request an exclusion for all years prior to 2015.

TAMPA BAY BLACK BUSINESS INVESTMENT CORPORATION, INC.
Schedule of Findings and Questioned Costs for State Financial Assistance
Year Ended September 30, 2017

Finding 2017 – 3

State Financial Assistance Information – CSFA 40.041 State Economic Development Loan Program

Criteria – Section 6(d) of the DEO Funding Agreement #D0099 states that the Recipient shall maintain all Unobligated Program Funds in the account.

Condition – A large portion of Unobligated Program Funds for years from 2006/2007 through 2013/2014 are intermixed with investment and unrestricted cash accounts. In addition, the 2016/2017 award was deposited into the bank account containing the 2015/2016 award.

Context – The Organization has approximately \$520,000 of Unobligated Program Funds held in unrestricted cash and investment accounts.

Recommendation: The Organization should set up separate interest bearing accounts with a unique identifier for each fiscal year and transfer the appropriate amounts from unrestricted cash and investment accounts. Prior to the end of the fiscal year, the Organization opened a separate bank account and deposited the 2016/2017 funds into it.

Views of Responsible Officials and Planned Corrective Actions – This requirement began in fiscal year 2015 and the Organization has complied for every year and will continue to do so. We will seek guidance from DEO on how to comply with this new requirement for years prior to 2015.

Finding 2017 – 4

Criteria – Section 14(b) of the DEO Funding Agreement #D0099 requires that if the Organization subcontracts any services, the subcontract must be approved in writing by the DEO prior to performance.

Condition – A related not for profit entity provides services to the Organization under an agreement which had not been approved in writing by the DEO prior to those services being performed.

Context – The Organization is related to a non-profit 501(c)3 entity through common control. The Organization has a memorandum of understanding between the two entities whereby the related non-profit entity is to provide services in facilitating technical assistance and training. Although the Organization has asserted that it received approval of this arrangement subsequent to the performance by the related entity, the written approval was not made prior execution of the services performed.

Recommendation: The Organization needs to obtain written approval of this arrangement from the DEO.

Views of Responsible Officials and Planned Corrective Actions – The memorandum was reviewed during the on-site monitoring audit that was conducted by DEO. The technical assistance work that is carried out by the related entity is done so under the supervision of the Organization and was organized as such to meet requirements of some of the Organization’s non-government funders. Although DEO has already approved this process, we will seek formal approval in writing as noted above.

Prior Year Audit Findings: None

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Tampa Bay Black Business Investment Corporation
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tampa Bay Black Business Investment Corporation, which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 18, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tampa Bay Black Business Investment Corporation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tampa Bay Black Business Investment Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Tampa Bay Black Business Investment Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tampa Bay Black Business Investment Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Prida, Guida & Perez
Tampa, Florida
June 18, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH STATE PROJECT AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors
Tampa Bay Black Business Investment Corporation
Tampa, Florida

Report on Compliance for Each Major State Project

We have audited Tampa Bay Black Business Investment Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on Tampa Bay Black Business Investment Corporation's major state projects for the year ended September 30, 2017. Tampa Bay Black Business Investment Corporation's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Tampa Bay Black Business Investment Corporation's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tampa Bay Black Business Investment Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of Tampa Bay Black Investment Corporation's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH STATE PROJECT AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA
(CONTINUED)**

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General, and which are described in the accompanying schedule of findings and questioned costs as items 2017 – 1 through 2017 – 4. Our opinion on each major State project is not modified with respect to these matters.

Tampa Bay Black Business Investment Corporation's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Tampa Bay Black Business Investment Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Tampa Bay Black Business Investment Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tampa Bay Black Business Investment Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tampa Bay Black Business Investment Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017 – 1 through 2017 – 4 that we consider to be significant deficiencies.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH STATE PROJECT AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA
(CONTINUED)**

Tampa Bay Black Business Investment Corporation's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Tampa Bay Black Business Investment Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Prida, Guida & Perez P.A.
Tampa, Florida
June 18, 2018



PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1106 N. FRANKLIN STREET
TAMPA, FLORIDA 33602

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Report on the Financial Statements

We have audited the financial statements of the Tampa Bay Black Business Investment Corporation, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 18, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each State Project and Report on Internal Control over Compliance in accordance with Chapter 10.650, Rules of the Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 18, 2018, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Prida Guida & Perez". The signature is written in black ink and is positioned above the typed name and date.

Prida Guida & Perez, P.A.
June 18, 2018